

Caverion

Sustainability report 2015

Archive

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1 Word from the president and CEO

“Our entire business idea and vision relates to responsible business, and our objective is that everything we do shall reflect a responsible way of operating. One of our business ideas is offering life cycle solutions which include optimising energy consumption and also reducing negative environmental impacts. We create optimal technical solutions for built environments, ranging from daycare centres and schools to advanced process industries, by similarly ensuring quality and good service. Furthermore, one of our top priorities is occupational health and safety; we want to make sure that our employees can feel safe at their work place.”

Sakari Toikkanen, Interim President & CEO of Caverion

Our sustainability report 2015 was published as integrated part of our website. Main sections of the report were:

- Our approach
- People
- Environment
- Social
- Economic

2 Our approach

In 2015, we defined four key themes for our way of doing sustainable business. They are:

- We aim at reducing negative environmental impact.
- We emphasise excellent leadership.
- We ensure high-quality service.
- We operate responsibly.

2.1 We aim at reducing negative environmental impacts

We aim at reducing negative environmental impacts in our external and internal services and solutions.

We take care of the entire life cycle of our clients' properties and industrial facilities. At the same time, we extend their service life and ensure that their energy use is efficient through professional design, efficient technical solutions and quality implementation, as well as comprehensive operation and maintenance. Energy efficiency is integrated in all of our services.

We bear responsibility also for the environmental impact of our own operations. The emissions generated by

our own operations are mainly due to the fuel consumption of our service cars. For the transport of both material and people, we use logistical solutions that help reduce greenhouse gas emissions. We emphasise the efficient planning of routes and an economical way of driving.

2.2 We emphasise excellent leadership

Our aim is to be the most attractive employer in our field of business. We focus particularly on performance management, continuous career-long learning, fair and motivating rewarding as well as a safe working environment and wellbeing at work. We ensure that competent people work in the right places and offer them opportunities to advance in their careers, also internationally. We are developing a strong culture of client service.

Occupational health and safety are important to us. Our goal is to become an accident-free workplace. By improving our working methods, introducing safety into everyday management activities and training our personnel on safe working methods, we have been able to decrease the number of occupational accidents during the past few years. We focus on preventive safety work: safety starts with the anticipation of risks and the active reporting of safety observations.

Continuous learning is included in our core values. We aim to secure the commitment and motivation of our personnel by supporting the development of their professional skills and by offering them opportunities for advancing in their careers. At Caverion, competence development is based on on-the-job learning, which we supplement with a variety of courses and trainings.

2.3 We ensure high quality service

We offer our clients services, due to which their properties, industrial facilities and processes are not only energy and cost-efficient, but also sustainable, functional and safe. We want to take good care of client satisfaction. Our goal is that excellent quality is shown in everything we do – starting from the very first contact. We provide our clients with added value through new and advanced services and solutions. We also demonstrate good service attitude.

2.4 We operate responsibly

We do not exercise or accept any form of corruption, extortion or bribery and we are committed to working against these practices.

We do not tolerate grey economy, or any other illegal activity in any form. We will take any necessary measures without delay, should we detect any signs of illegal or unethical action in our business operations or supply network. More, we do not tolerate any form of discrimination, including discrimination related to age, gender, national and social origin, religion, physical or mental handicap, political or other opinion or sexual orientation. Nor do we tolerate any kind of harassment or bullying in the workplace.

We support open and fair competition in all markets. We comply with the applicable competition legislation in everything we do and avoid situations where there is a risk that the competition regulations could be breached.

Regarding economic performance, we strive for ensuring good return on investment, good risk management, and future growth potential.

3 Code of Conduct

Code of Conduct provides common operating principles and defines our way of working with different stakeholders. It concerns all Caverion employees and it's available in all Caverion languages.

We expect every employee to report any suspected breach of code of conduct. Any reported information will be treated confidentially.

Key topics of our Code of Conduct

Complete Code of Conduct can be found as pdf format.

[Code of Conduct -document>>](#)

3.1 Employees

- We comply with labour laws and regulations.
- We strongly concentrate on excellence in occupational safety.
- We respect internationally proclaimed human rights.

3.2 Competitors

- We support open and fair competition in all markets.
- We comply with the applicable competition legislation in everything we do.
- We do not talk with our competitors about prices or principles for setting prices, participation in competitive bidding processes, our costs and cost structures, our strategic decisions and other information that is not public.

3.3 Suppliers, subcontractors and other business partners

- Suppliers, subcontractors and other business partners are treated equally and honestly following the applicable laws and regulations.
- We do not tolerate any forms of bribery or other illegal payments in the relationships with our suppliers, subcontractors and other business partners.

3.4 Customers

- Marketing of our products and services is always truthful and accurate.
- We always take into account the safety of our customers.
- The quality of our products and services can be trusted.

3.5 The environment

- Environmentally friendly business is a strategically important activity for our company.
- Energy efficiency is incorporated in all our services and solutions.
- We are committed to minimising the energy and water consumption and waste generation of our own operations as well as our greenhouse gas emissions.

3.6 Relationship with society

- Caverion follows the applicable laws and regulations in every country of operation.
- We do not exercise or tolerate any form of corruption, extortion or bribery.
- We do not make financial contributions to political parties, groups or individual politicians

4 Management of corporate responsibility

Our objective is that everything we do reflects responsible way of operating. The corporate responsibility activities are included in the normal management of the Group on all organisational levels.

Responsible conduct is guided and defined by the following elements:

- Our values, leadership principles and corporate culture
- Our Code of Conduct
- Our Governance principles

We are committed to good corporate governance and comply with all of the recommendations of the Finnish Corporate Governance Code issued by the Finnish Securities Market Association.

The Group Management Board member who is in charge of Group development and support is also in charge of the management of corporate responsibility. In addition, heads of Group Marketing & Communications, Legal and People & HR participate in the development and coordination of responsibility issues. **The Group Management Board** reviews issues that require action from business areas and countries. **The division heads** are responsible for the enforcement of decisions in their respective divisions.

The President and CEO of the Group is responsible for the implementation of Caverion's Code of Conduct approved by the Board of Directors. **The Group Compliance and Ethics Team** provides assistance to the President and CEO and the Audit Committee of the Board of Directors to enable Caverion to operate in accordance with applicable laws and regulations and appropriate ethical business standards.

Team consists of persons having the following positions at Caverion Group:

- President and CEO of Caverion Group
- Chief Financial Officer of Caverion Group
- Heads of two Divisions (per separate appointment)
- Corporate General Counsel
- Head of Internal Audit
- Senior Vice President Human Resources
- Vice President Marketing and Communications
- Group Heads of Procurement

The Group Compliance and Ethics Team has meetings when needed. In 2015 it had three meetings.

5 Disclosure on management approach

This page summarises Caverion's approach to managing sustainability topics, and is provided in accordance with Global Reporting Initiative G4 guidelines.

5.1 We aim at reducing negative environmental impacts

Approach and goals: We aim at reducing negative environmental impacts in our external and internal services and solutions

Material aspects: Energy, emissions, products and services

Monitoring and follow-up: Sustainability reporting, reports to CDP, local monitoring

Policies: Code of Conduct, ISO standards

Responsibilities & Resources:

- Group development
- Entire line organization
- Group R&D

5.2 We emphasise excellent leadership

Approach and goals: Our goal is to have an accident free workplace and also to secure the well-being of our employees and great leadership that is based on openness and trust.

Material aspects: Occupational health and safety, training and education, compliance

Monitoring and follow-up: Performance Development Process (MBKR), Employee Engagement Survey, Code of Conduct –e-learning, Common Leadership Safari Program

Policies: Compensations guideline, Job structure guideline, Code of Conduct

Responsibilities & Resources:

- Steering group
- Group HR + division HR
- Each line manager

5.3 We ensure high quality service

Approach and goals: We offer our clients services, due to which their properties, industrial facilities and processes are not only energy and cost-efficient, but also sustainable, functional and safe.

Material aspects: Customer health and safety, training and education

Monitoring and follow-up: Service level agreements, Training

Policies: ISO standards, Product safety, Code of Conduct

Responsibilities & Resources:

- Development of Caverion's commercial and delivery view
- Divisions

5.4 We operate responsibly

Approach and goals: We operate fully in accordance with rules and regulations, our Code of Conduct and company values.

Material aspects: Anti-corruption, compliance, non-discrimination, anti-competitive behavior, economic performance

Monitoring and follow-up: Risk management and compliance, whistle-blowing channels, training

Policies: Values, leadership principles and corporate culture, Code of Conduct, Competition law guidelines, Supplier Code of Conduct, Governance principles, and Risk management

Responsibilities & Resources:

- Group HR & People
- Group Risk Management & Compliance
- Group Legal
- Group Internal Audit

6 Materiality assessment

Through materiality assessment, we aim at identifying the key sustainability themes and aspects for Caverion and our stakeholders. These aspects have been defined according to GRI G4 reporting guidelines. Our first materiality assessment was completed in 2015.

In the materiality assessment 2015 we included internal stakeholders' opinion on key sustainability aspects, and their estimate of what is significant to our external stakeholders. In the future we are planning to develop the assessment and include also more interaction with external stakeholders.

The results show that we identified 11 material aspects (GRI, G4-19). They are further described in the disclose of management approach and also in our key responsibility themes.

6.1 Material aspects

Economic performance
Energy
Emissions
Products and services
Occupational health and safety
Training and education
Non-discrimination
Anti-corruption
Anti-competitive behavior
Compliance
Customer health and safety

6.2 Boundaries

Our reporting covers only Caverion's own operations. Subsidiaries are included in the reporting scope. The boundary for all the material aspects is Caverion Group.

Changes from the previous year:

- Caverion has sold its small local operations in Romania, Singapore and Malaysia through management buy-out transactions during the first quarter of 2015. This has no material impact on the financial position and performance of Caverion Group. After the divestments Caverion no longer holds any subsidiaries outside of Europe.
- Czech Republic was moved under Division Austria in the reporting.

7 Reporting

We report sustainability related information annually, and the 2015 report has been compiled in applying the G4 guidelines of the Global Reporting Initiative (GRI). The content of the report includes key areas of economic, social and environmental responsibility. A comparison of the contents and the GRI G4 guidelines can be seen in the [GRI G4 index](#).

The most central target groups of the report are investors, shareholders, clients, suppliers, analysts, personnel, prospective employees and other actors in the society. No external assurance was pursued for this report.

[GRI G4 index](#)

Previous reports

[Responsibility in Annual Report 2014](#)

[2014 GRI table](#)

[Responsibility in Annual Report 2013](#)

GRI G4 Index

Sustainability 2015 / Environment / Operating environment

Indicator	Topic	Reported	Remarks	
	Strategy and analysis			Annual Report 2015
G4-1	CEO statement	yes		
G4-2	Description of key impacts, risks, and opportunities	partly		
	Organizational profile			
G4-3	Name of the organization	yes		
G4-4	Primary brands, products, and services	yes		
G4-5	Location of the organization's headquarters	yes		
G4-6	Operating countries	yes		
G4-7	Nature of ownership and legal form	yes		
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	yes		
G4-9	Scale of the organization	yes		

G4-10	Total number of employees by employment contract, region and gender.	partly		Sustainability 2015 / People
G4-11	Percentage of total employees covered by collective bargaining agreements	yes		
G4-12	Organization's supply chain	partly		Sustainability 2015 / Economic / Procurement
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	yes		Financial statements 2015
G4-14	Precautionary approach	no		
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	yes		
G4-16	Memberships of associations and national or international advocacy organizations	yes		
	Identified material aspects and boundaries			Sustainability 2015 / Our approach
G4-17	Entities included in the organization's consolidated financial statements Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	yes		
G4-18	Process for defining the report content and the Aspect Boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	yes		Sustainability 2015 / Our approach
G4-19	Material aspects identified in the process for defining report content	yes		
G4-20	Aspect boundaries within the organization	yes		
G4-21	Aspect boundaries outside the	yes		

	organization			
G4-22	Effect of any restatements of information provided in previous reports	yes	2013-2014 emission figures are restated and thus may differ from figures published in Annual Report 2013 and Annual Report 2014.	
G4-23	Significant changes from previous reporting periods	yes	No significant changes from previous year.	
	Stakeholder engagement			Sustainability 2015 / Social
G4-24	Stakeholder groups engaged by the organization	yes		
G4-25	The basis for identification and selection of stakeholders with whom to engage	yes		
G4-26	Approach to stakeholder engagement	yes		
G4-27	Key topics and concerns raised through stakeholder engagement	yes		
	Report profile			Sustainability 2015 / Our approach / Reporting
G4-28	Reporting period	yes		
G4-29	Date of most recent previous report	yes	19 February 2015	
G4-30	Reporting cycle	yes	Once a year	
G4-31	Provide the contact point for questions regarding the report or its contents	no		
G4-32	GRI Content Index	yes		
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	yes	No external assurance	
	Governance			Corporate Governance Statement 2015
	Governance structure and composition			

G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	yes		
	Highest governance body's role in setting purpose, values, and strategy			
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	partly		Corporate Governance
G4-51	Remuneration policies for the highest governance body and senior executives for the below types of remuneration	partly		Remuneration Statement 2015
	Ethics and integrity			
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	yes		Sustainability 2015 / Our approach
G4-DMA	Disclosure on management approach	partly		Sustainability 2015 / Our approach
	ECONOMIC			Sustainability / Economic
	Aspect: Economic Performance			
G4-EC1	Direct economic value generated and distributed	partly		
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	partly		
G4-EC4	Financial assistance received from government	partly		
	Environmental aspect: energy			Sustainability / Environment

G4-EN3	Energy consumption within the organization	partly		
G4-EN5	Energy intensity	yes		
G4-EN6	reduction of energy consumption	partly		
G4-EN7	Reductions in energy requirements of products and services	partly	Own product development in Aachen R&D centre.	
	Aspect: emissions			
G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1)	yes	The calculations take into account both direct and indirect (scope 1 and scope 2) sources of CO2 emissions.	
G4-EN16	Energy indirect greenhouse gas (ghg) emissions (scope 2)	yes	The calculations take into account both direct and indirect (scope 1 and scope 2) sources of CO2 emissions.	
G4-EN17	Other indirect greenhouse gas (ghg) emissions (scope 3)	partly		
G4-EN18	Greenhouse gas (ghg) emissions intensity	yes		
G4-EN19	Reduction of greenhouse gas (ghg) emissions	partly		
	Aspect: products and services			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	partly		
	Aspect: compliance			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	yes	No significant fines or sanctions during the reporting period.	
	Aspect: transport			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's	partly		

	operations, and transporting members of the workforce			
	Social			Sustainability 2015 / People
	Aspect: employment			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	partly		
	Aspect: labor/management relations			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	partly		
	Aspect: occupational health and safety			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	partly		
	Aspect: training and education			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	partly		
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	partly		
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	yes		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	no	No, but we will aim at reporting this in the future	
	Aspect: freedom of association and collective bargaining			Code of Conduct

	Aspect: child labor			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	partly	No significant risks for child labor identified in own operations.	
	Aspect: forced or compulsory labor			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	partly	No significant risks for forced or compulsory labor identified in own operations.	
	Society			
G4-SO4	Communication and training on anti-corruption policies and procedures	partly	Training on-going	Sustainability 2015 / People / Caverion culture
G4-SO5	Confirmed incidents of corruption and actions taken	yes	No such cases during the reporting period.	
	Aspect: anti-competitive behavior			
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	yes	No such cases during the reporting period.	
	Aspect: compliance			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	yes	No significant fines or sanctions during the reporting period.	
	Product responsibility			Sustainability 2015 / Social / Quality and Product development
	Aspect: customer health and safety			
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	yes	No such cases during the reporting period.	

	Aspect: compliance			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	yes	No significant fines or sanctions during the reporting period.	

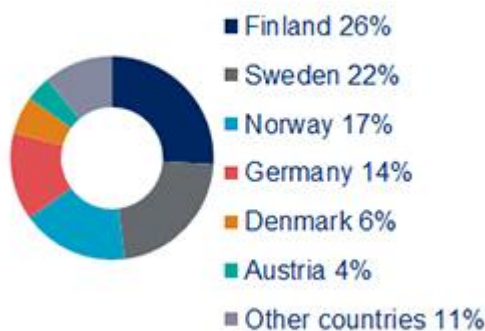
8 People

Our 17,400 employees in 12 countries are our most valuable asset and the cornerstone of Caverion's strategic success. We develop a strong culture of being top professionals at the customer interface and our aim is to be the most attractive employer in our field of business.

8.1 Our strategic focus areas are:

- Safe working environment
- Excellent leadership
- Performance management
- Continuous career-long learning and development
- Fair and motivating rewarding
- Wellbeing at work

Personnel by country in 2015



9 Personnel facts

At the end of 2015, we employed 17,399 people in 12 countries. 58% of our employees worked in service and maintenance, 35% in projects and 7% in administration. 66% of them were non-salaried employees, and 34%

salaried employees.

	2015	2014	2013
Personnel at year's end*	17,399	17,355	17,673
Personnel on average*	17,321	17,490	18,071
Non-salaried / salaried employees (%)	66 / 34	66 / 34	67 / 33
Women / men (%)	10 / 90	10 / 90	10 / 90
Share of women on the Management Board (%)	14	14	15
Share of women on the Board of Directors (%)	33	40	40
Fixed-term employees (%)	9	7	6
Fixed-term employees, women and men (%)	10 / 90	10 / 90	n/a
Full-time employees (%)	96.5	n/a	n/a
Relative share of employees working part-time, women and men (%)	15.9 / 2.1	n/a	n/a
Nationalities	50	n/a	n/a
Attendance rate**	16,862	16,148	16,987
Average duration of employment (years)	10.8	11.8	11.1
Turnover rate, permanent employees (%)	16.5	14	n/a
Age on average (years)	42.3	42.2	42.1
Under 26 of age (%)	13	12	13
26-55 years of age (%)	70	69	70
Over 55 years of age (%)	17	19	17
Employees that had performance development discussions during the year (%), of the respondents in	72	70	70

employee survey			
Participants in training events (management and leadership, safety and occupational trainings and educations) (total number)	12,100	n/a	n/a
Training events (total number)	6,300	n/a	n/a
Response rate in personnel survey, share of all employees (%)	79	78	66
Sick leave rate (hours of absence/total available hours), %	4.1	4.3	4.4
Accident frequency rate (number of occupational accidents resulting in absence per a million work hours)	8.3	10.1	11
Fatal accidents (total number)	0	0	0
Employees covered by collective bargaining agreements, of total %	82	n/a	n/a
OHSAS 18001 – certified business (%)	71	73	75

*) The figures in Norway include an adjustment to include apprentices in the total amount for 2014

***) Persons at work, does not include long absences or temporary lay-offs the duration of which in more than one month

9.1 Changes in 2015

All in all, the number of personnel increased by a total of 44 employees or by 1% in 2015. The number of personnel increased most in our Eastern European countries (Russia, Estonia, Latvia, Lithuania, Poland, Czech Republic) with total increase by 326 employees or +21%.

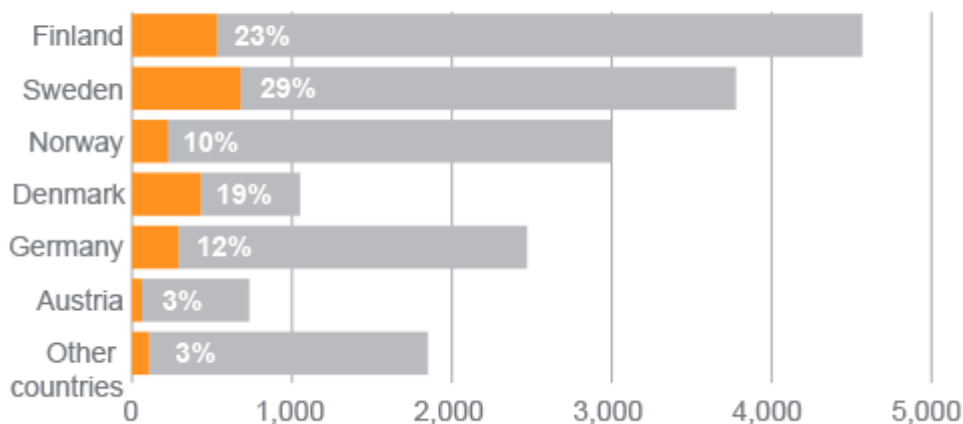
The number of personnel decreased most in Norway, where we at the end of 2015 employed 141 employees less than at the end of the previous year (or -5%). In Norway, the slowdown in the oil industry had an effect also on the technical installation and maintenance business.

In 2015, we had 2,329 new recruitments, which means that at the end of the year 13% of our employees were those recruited during 2015. 29% of new recruitments were conducted in Sweden and 23% in Finland. Also Denmark was active in recruiting: 19% of our employees in Denmark were new recruitments in 2015. This development was in line with the previous year.

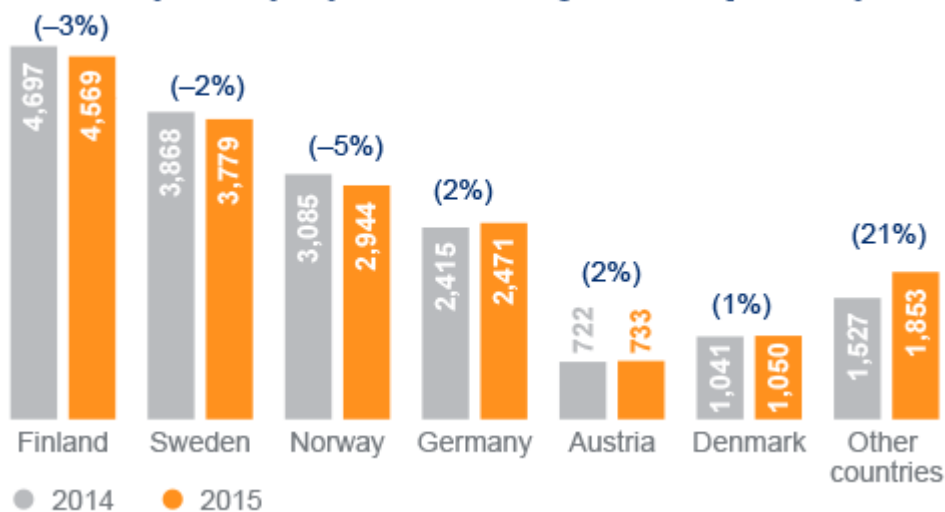
The changes in the number of personnel related to Caverion's ongoing transformation to be a leading European provider of advanced and sustainable life cycle solutions for buildings and industries.

We always aim to find alternative solutions and arrangements to lay-offs using, for example, internal transfers and pension arrangements and by concluding fixed-term agreements and implementing temporary redundancies.

New recruitments and their share of total number of employees in each country



Personnel by country at year's end, change from the previous year (%)



9.2 We are committed to equal treatment

In accordance with our Code of Conduct, we do not allow discrimination of any kind such as related to age, gender, nationality, social status, religion, physical or mental disability, political or other opinions or sexual orientation.

Although the industry has traditionally been male-dominated, we want to play our part in making it more attractive to women as well. For example in Germany in 2015 Caverion organised a Girls-Day, a one-day event for young girls to learn more about male-dominated jobs.

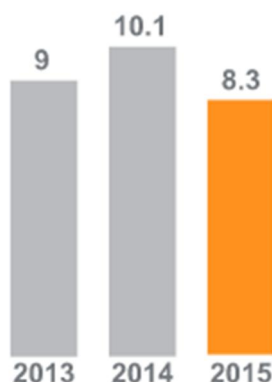
In 2015, women's share of our personnel, Group Management Board and The Board of Directors remained on par with the previous year: Women made up 10% of our entire personnel (2014: 10%). In our Group Management Board 14% (14%) were women and in Board of Directors their share was 33% (40%).

9.3 International collaboration

Caverion pays careful attention to developing collaboration between the company and its employees, on the local, national and European levels. The EWC (European Works Council) agreement forms the basis for international collaboration within our company. The objective is to promote collaboration, the dissemination of information and the exchange of opinions between the Group's management and personnel. The EWC convenes three times a year, in varying compositions.

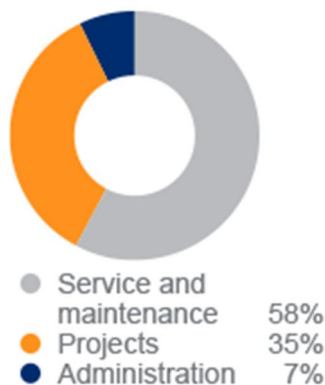
Caverion's EWC meetings in 2015 was held in Helsinki in June 2015 and it was attended by 35 personnel representatives from Finland, Sweden, Norway, Denmark, Germany, Austria and Lithuania.

Accident frequency rate (LTIFR*)

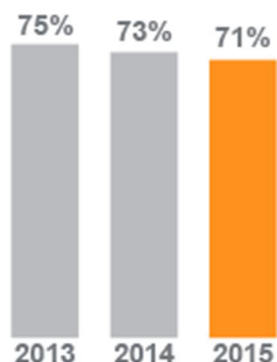


*LTIFR: LTIFR refers to Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million man-hours worked

Personnel by job description



OHSAS 18001 certified operations (share of total revenue)



10 Occupational safety

Ensuring the safety of our employees, partners and clients is **an inherent part of everyday life and management** across Caverion. Caverion's management and all employees are committed to complying with, maintaining and developing **common safety rules**. A good safety record is a competitive asset and also a **sign of quality** of Caverion's operations.

Our goal is to become an accident-free workplace. We focus on preventive safety work: Safety starts with the right attitudes, anticipation of risks and the active reporting of safety observations.

Our active safety work and attention towards safety issues has produced results and **good development continued in 2015**. In 2015, the accident frequency rate was 8.3 (2014: 10.1). During the year, there were no fatal accidents. The sick leave rate (hours of absence/hours worked) was 4.1 compared to 4.4 the year before.

We aim to increase the share of occupational health and safety-certified operations in our business. In 2015, 71% of our revenue came from OHSAS 18001-certified operations (2013: 73%).

10.1 One way for safety

According to the results of our employee survey conducted in 2015, **Caverion already has a strong safety culture**, both among office and non-office based employees. We still have room to improve so that we adapt continuous safety mindset as part of our normal daily work and life.

One important safety milestone was reached in October 2015 when **common Safety Guideline and Ground Rules were introduced** throughout Caverion. The Safety Guideline and the Ground Rules guide working safely in all Caverion sites and offices.

Ten ground safety rules create a cornerstone for a common way of working. They also complement country specific safety instructions. In addition, all Caverion's division specify more detailed safety instructions according to their country's regulations and the work in question.

10.1.1 Safety ground rules at Caverion

- Identify hazards before starting to work - follow the appropriate safety instructions.
- Check tools, protective equipment, and any other devices, before use.
- Use appropriate personal protective equipment.
- Follow lock and tag procedures.
- Ensure that proper safety measures are in place to prevent falls when working at height.
- Check for any loose objects that could fall into the working area before starting work.
- Take appropriate precautions to prevent environmental incidents.
- Ensure that breathing air is accessible when working in confined spaces and contaminated areas.
- Keep the work environment clean and tidy.
- Be accountable for safety and take care of each other.

At the end of 2015, also the **management reporting of safety was harmonised** throughout the group. Harmonising the reporting is targeted to improve the analysis of our safety reporting and to enhance awareness and behaviors towards proactive safety management. The key performance indicators in safety and monthly reporting of safety issues is part of the management's agenda at all levels.

10.2 Cooperation with clients and partners

Occupational safety is **important at all of our client sites**. However, the risks associated with it are particularly high in properties and industrial plants where work is performed in varying conditions. These include ongoing and interrupted production, fault situations and temporarily bypassed protective measures, and facilities that require special safety plans, such as nuclear power plants and process plants.

A safe working environment is created in cooperation with our clients and partners. We insist upon **strict compliance with safety instructions**. This applies to our employees, subcontractors and partners alike. In addition, we require all of our employees to use and wear protective equipment and clothing at all of Caverion's work sites.

10.3 Preventive safety work

We prevent occupational accidents by, among others:

- o providing job orientation and general and occupational-specific safety trainings
- o conducting regular safety audits and inspections
- o encouraging our personnel to reporting any safety observations and assessing risks before starting work.
- o developing tools and work ergonomics
- o conducting safety rounds and safety meetings at work sites by our supervisors and managers

We aim to **ensure that all of our employees have the skills necessary for the safe performance** of their own work. In some of our units, teams are rewarded for a zero accidents performance. The payment of bonuses, for example, can be tied to the achievement of occupational safety goals.

We take every accident seriously. All accidents happening to our employees and subcontractors are immediately reported and inspected, in order to identify their reasons and learn from them. In cooperation with our clients, we systematically intervene whenever we notice safety-related shortcomings or neglect.

We aim to **increase the reporting of safety observations**, as the observations are clearly linked to the accidents: The higher the number of reported safety observations is, the fewer accidents occur.

11 Caverion culture

Our four core values are Step ahead, Cooperation, Responsibility and High Performance. These values guide our everyday actions.

<p>Step ahead</p> <ul style="list-style-type: none"> o Continuous learning ensures our high competence o We develop sustainable solutions for a better future o Our approach is innovative. 	<p>Cooperation</p> <ul style="list-style-type: none"> o Client focus guides our actions o We work as a team, respecting our partners o We cooperate and share our knowledge
<p>Responsibility</p> <ul style="list-style-type: none"> o We have high ethical standards o We do what we promise o We take the initiative 	<p>High Performance</p> <ul style="list-style-type: none"> o We create added value for different interest groups o We go beyond expectations o Our objective is to be best in our industry

11.1 Caverion Spirit 2015: 87% say they enjoy their work

Caverion's second employee engagement survey, Caverion Spirit, was conducted in autumn 2015. All Caverion employees were invited to participate in the online survey.

A total of 12,829 employees or 79% (2014:78%) of the personnel responded to the survey in 2015.

According to the survey, our **employees are generally satisfied with their work** and the team they work with and feel that their jobs fit their skills and abilities. There is an **overall satisfaction with Caverion as a place to work** and employees show a good level of commitment to the company. Caverion continues to have a **strong safety culture**, both among office and non-office based employees, and a good quality and customer orientation.

The results of Caverion Spirit are discussed in teams across the organisation and each team makes a plan of development actions. Generally, we should still improve the areas of providing feedback and development opportunities and organising performance and development discussions for all Caverion people at least once a year.

11.2 Golden Helmets for strategy executers

In 2015, Caverion continued the Golden Helmet tradition started in 2014. This year, four Golden Helmet Awards were given to two teams and two individuals who had done **extraordinarily excellent work in strategy execution**.

The activity among employees for nominating candidates was on a high level and resulted a total of 233 suggestions compared to the 160 nominations received in 2014. The winners of 2015 were from Austria, Finland, Norway and Russia.

11.3 Common Code of Conduct training launched

In 2015, Caverion launched a **first common training program** for all Caverion people. The online training **concentrates on Code of Conduct and ethical business principles**.

All Caverion employees are expected to follow Code of Conduct, policies adopted by Caverion and all applicable laws and regulations. The Code of Conduct training will cover all Caverion employees by the end of 2016. In 2015, we also organized compliance related trainings in Finland, Sweden, Norway, Germany and Austria.

Every employee at Caverion is expected to report any suspected misconduct to their immediate supervisor or a member of the company management.

We have a web-based reporting channel through which employees can confidentially report their observations of suspected misconduct. In addition, reports can be submitted via email.

We will without delay take the necessary measures if signs of illegal or unethical action are detected in our business operations or supply network. If a breach of the Code of Conduct involves any illegal activity, the incident will be reported to the authorities for further investigation and measures.

Group Compliance and Ethics Committee promotes operations according to Code of Conduct. Caverion's President and CEO is responsible for the implementation of the Code of Conduct approved by the Board of

Directors. Group Compliance and Ethics Committee provides assistance to the President and CEO and the Audit Committee to enable Caverion to operate in accordance with applicable laws and regulations and appropriate ethical business standards.

In 2015, the committee was comprised of the President and CEO of Caverion Group, Group CFO, the heads of Group Legal, Group Internal Audit, Group HR & People, Group Procurement, Group Risk & Compliance as well as Group Marketing & Communications and the CEO of Division Sweden and the CEO of Division Germany. In 2015, The Group Compliance and Ethics Committee convened three times.

[See more about our Code of Conduct](#)

12 Employer image & recruitment

Caverion aims to be **the most attractive employer in our field of business**. For a new company like us, building a strong employer image is of high importance.

We always aim to recruit **the most qualified and suitable professionals**. Our goal is also to offer motivating and fair rewarding to guarantee our competitiveness in the local markets.

In order to strengthen the management capability throughout Caverion, we have been **recruiting new professionals and competences**.

12.1 1,300 trainees and summer workers

In 2015, we employed a total of approximately 1,300 summer employees, thesis students and trainees. This was in line with last year (2014: 1,200).

Trainee programs and thesis cooperation give us a great opportunity to be involved in the professional development of young students. In fact, **trainee programs constitute an important channel of recruitment** for Caverion. Many of our best professionals first joined the company as trainees.

In many of our operating countries, such as Germany and Austria, apprenticeship is a common way of providing young people with trainee jobs. Apprenticeships involve alternating periods of study and work, and their duration is typically three to four years. For example in Sweden, Caverion has an official apprenticeship program for electricians. It includes education within the profession at a workplace. In Norway, Caverion has a long tradition for being an apprenticeship company for student in a vocational school and each year approximately one hundred apprentices are hired at Caverion in the whole country. In 2015, Oslo municipality awarded Caverion for being the best Apprenticeship Company of the previous year.

In order to develop education in our industry, **we support cooperation with schools and institutes of higher education**. Some of our employees even give classes at educational institutions. In particular, we cooperate with vocational schools and universities of applied sciences in engineering.

12.2 Building a strong employer image

Our employees' positive experiences form **the basis for our good employer image**. In addition, we promote Caverion by attending recruitment fairs in educational institutions, arrange student excursions and take part in various campaigns that increase awareness of our industry, our company and our way of working. For example in Germany, Caverion was present at 13 recruiting fairs in 2015. In Norway, Caverion participated in four career fairs for university and college students.

In 2015 in Finland, Caverion again participated in the campaign promoting the principles of good summer employment (Vastuullinen kesäduuni). These principles include suitable, motivating jobs, reasonable pay, good treatment of applicants, sufficient work orientation and guidance, and fair and equal treatment, among others.

At Caverion, we follow **the development of our employer image**. In the Universum employer image survey 2015, Caverion has been on the Top 100 list in Finland and in Norway. In 2015, Caverion again improved its ranking and positioned as 48th most attractive employer in the eyes of engineering and natural science students in Finland. In Norway, our position stayed on the level of last year and was 96 (2014:91).

At the end of 2015, we started **a common marketing campaign** supporting strong company image. The campaign, which will continue until the end of 2016, will also be an important tool for building brand awareness among potential employees.

13 Leadership and people development

Leadership in Caverion is based on openness and trust.

Our leadership principles are:

- We lead courageously by example.
- We set challenging goals and provide honest and constructive feedback.
- We encourage the personal and professional development of competences and support innovative approaches.
- We care about our people's wellbeing
- We remain open and approachable regardless of our position.
- We give responsibility and authority.

13.1 Leadership skills are actively developed

During the year 2015, we organised various types of **coaching events to develop leadership** throughout Caverion. These trainings had a total of 1,200 participants.

In 2015, our efforts concentrated particularly on rolling the group-wide Leadership Safari training program. The target of the program is to **build a strong basis for excellent leadership culture** in order to successfully reach our strategic goals. Leadership Safari is targeted for all line managers in Caverion. It covers topics such as customer value, economic positioning and team performance.

In 2015, the Leadership Safari program was completed in Norway and Germany. In Finland and Sweden the training programs were also started. In 2016, the program will begin to reach the leaders in Denmark, Austria and Eastern Europe.

In addition to Leadership Safari, we organised several other training programs during the year. The themes of these programs include, for instance, the role and responsibilities of a line manager, leading performance and competence development, basic employment and occupational safety matters, leading diversity and management communications.

In total in 2015, we organized approximately **6,300 training events which were participate by 12,100 employees**. Safety training programs had approximately 4,300 participants and professional and discipline training and education programs approximately 6,600 participants.

13.2 Best practices are shared at Leader Forum

For Caverion's key executives we arrange regular **Caverion Leader Forum events**. These events concentrate on the strategy and the strategic focus areas of our business and operations as well as on sharing knowledge and group-wide networking.

In 2015, we organized two Leader Forum seminars, both of which were attended by approximately top 100 leaders. Before the second event, all of the participants had to complete a Code of Conduct e-learning which was also the launch for the first Code of Conduct common training program for all Caverion employees.

We also offer line managers **an opportunity to develop their own leadership skills and behaviours** on the basis of 360-degree feedback. In a 360-degree feedback, leadership skills are evaluated, in addition to the person himself or herself, by the person's line manager, direct reports and colleagues. Also Caverion Spirit, an annual employee engagement survey, indicates the level of leadership behavior by providing Leadership Index which is followed on Group level.

14 Performance development process

Performance development process, continuous feedback as well as performance development discussions including agreement of targets and results review are **an integral part of our management system**.

Performance development process (Management By Key Results) at Caverion includes all informal and formal activities which **ensure that Caverion targets are consistently being met** in an effective and efficient manner.

14.1 Ensuring commitment to the achievement of our targets

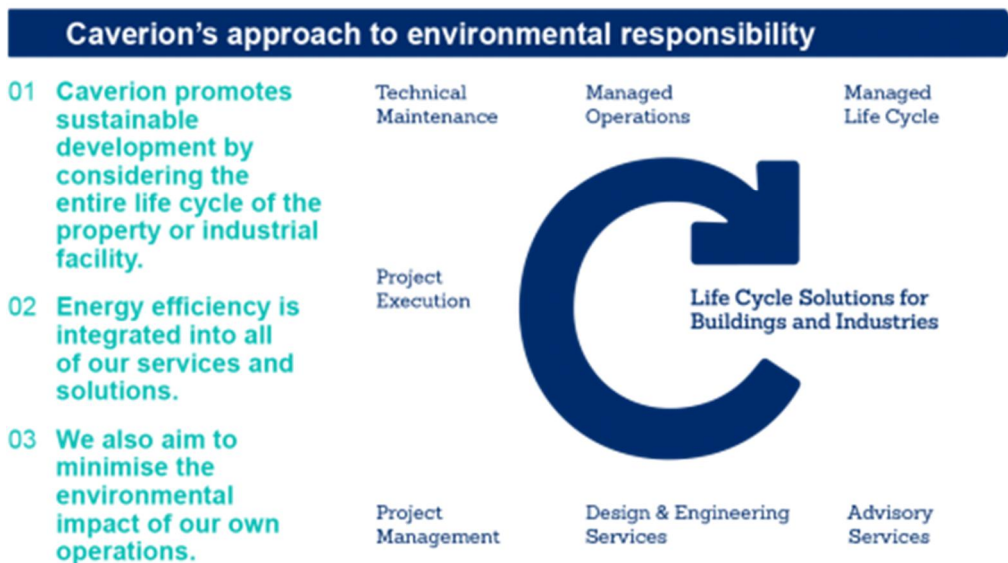
Based on our employee survey Spirit, 72% (2014: 70%) of our employees conducted performance development discussion in 2015. Our objective is to conduct a performance development discussion **with all our employees twice a year**, either individually or at a team level.

Performance development discussion at Caverion includes validation of the employee's current job, review and feedback of the targets set for the previous period as well as target setting discussion for the next period. Targets are set for one year ahead, so that **they comply with the Group's annual planning and budgeting cycle**. Performance-based bonuses are paid once a year, provided that the targets are achieved. Halfway through the year we perform a mid-year discussion when both short- and long-term individual development actions are planned and followed-up.

During 2015 we also continued the work for implementing common Caverion job structure and typical career paths at Caverion Group.

15 Environment

The most significant means for us to impact the environment and carbon footprint are the **services and solutions we offer our clients**, allowing them to reduce their environmental impact. By taking into account the entire life cycle of a property or an industrial facility, we contribute to sustainable development. In addition, we strive to keep the environmental impacts of our own operations as minor as possible.



ISO 14001
certified operations
(share of total revenue)



16 Energy-efficient services and solutions

Sustainable development requires accounting for the entire life cycle of a property through professional design, efficient technical solutions and quality implementation, as well as comprehensive operation and maintenance. Energy efficiency is integrated into **all of Caverion's services and solutions**.

Life-cycle thinking demands a shift of attitudes with regard to costs: instead of the initial investment alone, one needs to account for the energy and operating costs over the entire life cycle, which may span from 20 to 50 years. Investing slightly more in functional, effective systems during the building phase enables the achievement of larger overall savings in the long run, as energy consumption and building's environmental impact are reduced.

16.1 Energy efficiency considered already in design

We consider the environmental impact and energy efficiency of properties **from the very beginning**, i.e. the design phase, and evaluate the effects of technical solutions planned for the in terms of the entire life cycle. We design technical systems in such a way that they contribute to the energy efficiency of the property and that their maintenance takes up a minimum amount of resources.

Designing the **property's all technical systems as an entity**, rather than separately bidding for individual systems, improves the energy efficiency. The new regulations emphasise the significance of total consumption of the property, which further supports the need for design and implementation that integrates all systems.

Our advisory services cover property energy audits and analyses as well as developing the efficiency of technical systems. We also provide advice related to, for example, environmental certificates.

We have own product development and in-depth knowledge related to the use of renewables, such as solar, wind and ground power and seawater cooling or phase change materials (PCM) in heating and cooling properties.

16.2 Towards zero-energy buildings

The EU's target of nearly zero-energy building by 2020 places great demands on building systems in the properties. In practice, a zero-energy building produces the same amount of renewable energy as it consumes in terms of fossil fuels. This requires extremely energy-efficient building systems and a reduction of the energy needs for heating premises and service water.

A passive house also consumes very little purchased energy: nearly all the heat energy derives from solar energy and the heat produced by building's use. While the standards vary from country to country, in Finland, Sweden and Norway, for example, a passive house may consume no more than roughly a quarter of what buildings that meet the requirements of 2008 consume.

Although both zero-energy and passive houses are fairly challenging to implement in the climate of Northern Europe, some of Caverion's projects have already been implemented according to these models.

Automation and remote management skimp on energy costs

A majority of emissions derive from **energy consumed during the use of buildings**. Energy-efficient building systems, automation and the appropriate operation and maintenance of technical systems can reduce the energy consumption of existing properties by up to 30%.

The energy efficiency is increased when technical systems are used only when they are actually **needed and they are controlled through automation**. Automation ensures that buildings are, for example, heated and cooled only when necessary and that lights are on only when there are people present.

The remote management and monitoring of a building, on the other hand, ensures that whenever the premises are in use their conditions always corresponds with what was agreed. Through remote management we can ensure that operation and maintenance of technical systems is always based on actual needs and that they perform the appropriate measures. It also enables immediate actions, if problems occur. When technical systems are managed remotely, there is no need for a technician to arrive on site for every minor measure.

16.3 Comprehensive responsibility for energy use for up to 20 years

In the most extensive forms of cooperation, Caverion may assume responsibility for designing, implementing, operating and maintaining of technical systems even **for several decades**. The target can be a new property, to which we provide technical systems or an existing property going through modernisation. The client is usually a municipality or some other public sector client. Life cycle projects are carried out with different financing and contract models, such as Private Public Partnership (PPP).

EPC (Energy Performance Contracting) is an energy-saving contract are examples of our life cycle projects where we guarantee our client the energy savings specified in the contract as well as the efficiency, functionality, security and the agreed conditions over a contact period of 20 years or more.

The project usually begins with an analysis of the property's energy consumption. Based on this analysis, we will plan measures for increasing the efficiency of systems through, for example, modernisation. After the project delivery, Caverion is responsible for the property's maintenance throughout the operational phase.

No initial investments are needed from the client, such as a municipality or other public sector client, since the investment is financed with the realised savings, typically split between the client and Caverion. If the guaranteed savings are not achieved, Caverion is responsible for the difference. The savings guarantee is one of our competitive advantages, as few service providers can offer such a service.

Our oldest life cycle agreement began already in 2000. The client is usually a municipality or some other

public sector client. In the past few years, demand for life cycle agreements has been increasing especially in Sweden, Denmark and Finland.

16.4 Resource efficiency through waste management

The EU's directive on waste obligates member states to increase the efficiency of recycling by 2020 in, for instance, such a way that at least half of all paper, metal, plastic and glass waste is recycled. In addition to energy efficiency, Caverion contributes to resource efficiency by providing solutions for the collection of waste, among others.

Envac vacuum waste collection system facilitates the waste management of entire residential areas. Using an underground pipe network, waste travels to the collection station, from which it is transported onwards and to be used as recycled material, burned for energy or turned into compost soil. A major part of waste transportation becomes unnecessary, which results in less traffic and emissions and also improves safety and attractiveness of the area.

We have delivered Finland's first Envac system in Suurpelto, Espoo, in 2010. In early 2014, a similar system was operational in the Jätkäsaari residential area in Helsinki, and a third is being built in the Kalasatama area. In addition to designing and installing the systems, we are responsible for their maintenance for approximately 20 years after completion.

16.5 We help our clients to reach the requirements of environmental certification

Energy efficiency and environmental building certification are decisive factors for our clients when selecting service providers. The environmental classification allows investors, authorities and property users to compare the energy efficiency and environmental impact of buildings using uniform methods. Environmental classification is considered to increase a property's value, the return on invested capital, utility rate and rental income. In addition, a company that operates in green premises has a responsible image.

Buildings must meet certain minimum requirements that, in terms of technical systems, are usually related to the consumption of energy, water and materials. There are several different classification systems, of which the most common in our operating countries are the international classification systems BREEAM and LEED.

In addition, there are numerous local classification systems, such as the certificate awarded by the DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen) in Germany, and evaluation tools focused on specific areas, such as the energy performance certificates of buildings in the EU area and the indoor air classification and the quality certificates for housing cooperatives in use in Finland.

17 Operating environment

The European Union aims to improve energy efficiency and reduce emissions by 2020 as follows:

- 20% reduction in greenhouse gas emissions within the EU compared to the emission levels of 1990
- 20% of energy consumption from renewables

- 20% reduction in primary energy consumption

The targets set for 2030 are even stricter. The binding reduction target for greenhouse gas emissions is 40%. The target is also to increase the use of renewal energy sources by 27%. In addition, there is an indicative target to improve energy efficiency by 27%.

The practical implications of these targets mean that all new buildings should be almost zero-energy buildings – i.e. buildings that produce the same amount of energy as they consume – as early as by the end of 2020. In addition, an increasing share of energy must be renewable energy, such as ground heat or solar energy.

The demand for energy-efficient solutions is rising also in existing buildings. Energy efficiency directive adopted in 2012 includes the obligation for large enterprises to carry out an energy audit at least every four years, with a first audit at the latest by December 5, 2015. Audits must be undertaken by qualified and accredited experts. The obligation covers companies in all industries with personnel exceeding 250 persons or revenue more than EUR 50 million and total assets of over EUR 43 million.

To meet these strict requirements, environmental impacts must be examined **over the entire life cycle of a building**.

17.1 International cooperation

Cooperation with other industry operators further improves Caverion's possibilities to strengthen its competence in energy-efficient and eco-friendly building systems.

We participate in the local activities of the international **Green Building Council** in several countries, including Finland, Sweden, Norway and Germany. The network promotes practices related to sustainable development in built environments, as well as the environmental classification of buildings.

In Norway, we cooperate with Enova, a public enterprise by Norway's Ministry of Petroleum and Energy promoting efficient energy use and the production of renewable energy, which has provided financial support to many of our clients.

In Germany, we are a member of the German Sustainable Building Council DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen e.V.).

In Finland, Caverion is one of the founding members of the Climate Leadership Council, established in 2014. The Council aims to influence Finnish businesses' and research organisations' general competitiveness, readiness to combat climate change and their ability to make use of the business opportunities created as a result.

18 Environmental impacts

The emissions generated by our own operations are mainly due to the fuel consumption of our service cars.

18.1. Caverion's energy consumption and CO₂ emissions in 2015–2013

Consumption of direct energy sources, GWh	2015	2014	2013
Petrol	6.5	6.8	7.7
Diesel	113.1	115.8	121.3

Light fuel oil	2.7	0.7	0.2
Natural gas	1.2	4.2	2.3
Liquefied petroleum gas	2.1	2.2	N/A
Total	125.5	129.5	131.5
Consumption of indirect energy sources, GWh			
Electricity	31.9	46.9	37.8
District heat	15.4	15.4	23.1
Total	47.3	62.3	60.9
Emissions from direct energy sources, tonnes			
CO ₂ emissions, petrol	2,927.2	1,720.6	1,959.6
CO ₂ emissions, diesel	30,228.7	31,090.8	32,571.1
CO ₂ emissions, light fuel oil	728	172.3	56.1
CO ₂ emissions, natural gas	220.9	794.3	446.9
CO ₂ emissions, other direct sources of energy	3,428.6	3,575.3	1,896.1
Emissions from indirect energy sources, tonnes			
CO ₂ emissions, electricity	12,245.5	18,122.8	13,269.4
CO ₂ emissions, district heat	2,321.4	2,295.7	4,014.4
Direct and indirect CO ₂ emissions, tonnes*	52,100.3	57,771.8	54,213.6
Intensity ratios			
Direct and indirect CO ₂ emissions/revenue*	21.3	24.0	21.3
Energy intensity**	0.070	0.079	0.076

The figures concerning energy consumption and emission calculations cover the entire business operations of Caverion Group. The calculations are mainly based on real consumption data. In some countries total consumption has been estimated, if exact data is available for only some of the consumption. For the division Sweden, the 2015 figures are estimates, based on the data from year 2014.

2013 and 2014 emission figures are restated and thus may differ from figures published in Annual Report 2013 and Annual Report 2014.

*) 2015: market-based scope 2 figures used

**) Consumption of direct and indirect energy sources, GWh/revenue

Note: location-based scope 2 amounted to 4,429.3 CO₂emission tons in 2015

18.2 Environmental risks

Caverion's business does not involve significant environmental risks. Our business, which consists of the project deliveries of technical systems and their service and maintenance, consumes minor amounts of non-renewable natural resources and energy. The majority of our operations' environmental impact relates to localised noise, dust or vapours. In addition, our operations generate waste which we recycle and dispose of in the appropriate manner.

The risk of environmental damage is low. Possible mistakes during work seldom lead to a risk of severe damage; rather, they tend to reduce the efficiency of the process or equipment.

18.3 We promote economical driving

Caverion has a total of approximately 6,500 company cars, of which the majority, approximately 5,700 cars are service cars. Material transports are also carried out mainly by road.

For the transport of both material and people, we use logistical solutions that help reduce greenhouse gas emissions. Environmental aspects are also considered in the selection of company cars.

We emphasise the efficient planning of routes and an economical way of driving, because the carbon dioxide emissions of a car are directly linked to the vehicle's fuel consumption. Economical driving can reduce fuel consumption and, consequently, carbon dioxide emissions, by approximately 5–15%.

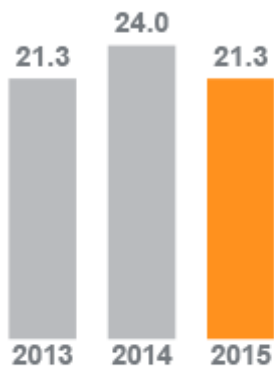
In some of our operating countries, we have installed GPS devices in our cars, which help us to pay attention to the kilometres driven and reduce their number. The possibilities to use GPS devices varies from country to country, and is dependend on local legislation and local collective bargaining agreements, among others.

We have increased the use of mobile solutions in field work. This contributes to the reduction of unnecessary driving, as a number of our service technicians receive work requests directly to their mobile devices and also report their work hours directly from the field, without having to drive to the office.

We mostly use diesel in our cars. In addition, we use natural gas and ethanol in those countries, where these are available, such as in Sweden. We follow the development of technology, and are open to consider hybrid

and electric cars, when the technology is advanced enough.

CO₂ emissions (tons) / revenue



2013–2014 emission figures are restated and differ from earlier published figures

2015: market-based scope 2 figures used

19 Social

From the perspective of corporate responsibility, our three most important stakeholder groups are clients, shareholders and employees. Our other stakeholders include the authorities, suppliers and subcontractors, media and business partners.

We correspond actively with all of our stakeholders.

	Expectations	Channels for interaction
Clients	<ul style="list-style-type: none"> ◦ Healthy and pleasant conditions ◦ Quality at a reasonable price ◦ Energy efficiency ◦ Professional skills and expertise. New, innovative and advance solutions. Product development. ◦ Reliability and compliance with ethical principles. Service as agreed and on schedule. ◦ Smooth interaction 	<ul style="list-style-type: none"> ◦ Client meetings and events ◦ Client satisfaction surveys ◦ Feedback ◦ Websites
Current and future personnel	<ul style="list-style-type: none"> ◦ Stability of employment relationship ◦ Fair, motivating and competitive remuneration ◦ A safe working environment ◦ Fair and equal treatment ◦ Feedback and career advancement possibilities ◦ Strong company image, a responsible company 	<ul style="list-style-type: none"> ◦ Daily management and leadership ◦ Management by key results ◦ Training and induction ◦ Channels for internal communications
Shareholders and the capital market	<ul style="list-style-type: none"> ◦ Good return on investment, good risk management ◦ Future growth potential ◦ Predictability ◦ Good governance ◦ Equal and timely information 	<ul style="list-style-type: none"> ◦ Financial reporting and financial communications ◦ Investor meetings and events ◦ Other materials for investor communications
Subcontractors and partners	<ul style="list-style-type: none"> ◦ Stability of business, reliability, predictability ◦ Clear, transparent procurement criteria, price is not the only criterion ◦ Willingness to develop long-term partnerships ◦ Safe working methods 	<ul style="list-style-type: none"> ◦ Audit and evaluation processes ◦ Meetings and events ◦ Participation in the activities of cooperation bodies
Media	<ul style="list-style-type: none"> ◦ Reliable, up-to-date information ◦ News topics that have wider significance for the society ◦ Good availability 	<ul style="list-style-type: none"> ◦ Interviews ◦ Info meetings ◦ Social media ◦ Releases
Public sector	<ul style="list-style-type: none"> ◦ Taxes ◦ Healthy and good conditions in properties used by the public sector ◦ Savings through energy efficiency in the public finances 	<ul style="list-style-type: none"> ◦ Personal meetings ◦ Public communications ◦ Workshops, seminars

20 Quality and product development

We meet our clients' needs by ensuring that our service is always of a high quality. Client satisfaction forms the starting point for our operations. Our professional skills and competence, local presence, the high quality of our work, our efficient operations and service attitude are the leading principles with which we strive to keep our clients satisfied.

Our clients represent all sectors, including the public sector, industry, real estate investors and developers, real estate users, and general contractors.

20.1 Added value for clients

We offer our clients services and solutions due to which their buildings, industrial plants and processes are not only energy-efficient and cost-effective, but also functional, safe and sustainable. We always aim to provide our clients with the best possible solutions, tailored to their needs.

We create **added value for our clients** by offering our competence in the integration of technical systems: our comprehensive competence covering all technical disciplines enables us to guarantee that the final result is always an efficient assembly of compatible systems. Our own design and engineering as well as in-house product development ensure that solutions work as planned at the implementation phase and that the needs of the maintenance phase have also been taken into account.

High quality and familiarity with our clients' needs are the key reasons due to which our clients have continued long-term cooperation with us. Long-term service agreements, client relationships and cooperation reflect that the quality of our operations is trusted. We engage in long-term cooperation with our clients in, for example, occupational safety matters.

In our EPC energy-savings projects we provide our clients with a savings guarantee rarely offered in our industry. The quality of our operations is the prerequisite for being able to provide such extensive guarantee, covering a life cycle of up to 20 years. Trust is also manifested in the orders we receive: order backlog grew by 10% compared to the previous year.

20.2 Product development

We develop our products and services continuously to be able to meet our clients' needs.

At our **Space for Innovation research centre** in Aachen, Germany, we focus particularly on the manufacture and product development of advanced solutions for ventilation, cooling and heating. In addition to the research centre, product development work is carried out in our divisions.

20.3 The common operating model improves the quality of our operations

The Group's expenses related to research and development activities related to product and service development amounted to approximately EUR 2.8 million in 2015, representing 0.1 percent of revenue. The total efforts amounted to EUR 9.6 million (0.4 percent of revenue) in 2014 and to EUR 12.7 million (0.5 percent of revenue) in 2013.

We want high quality to be visible in everything we do, starting from the first contact with a client. This is why we see it important to develop our own internal processes, tools and operating methods.

As we enter 2016 the main focus will be on the continued implementation of harmonised systems in all our divisions. We are seeking benefits from this common enterprise architecture by supporting our employees during tender processes and facilitating improved project management follow-up. It also enables easier integration of potential acquired businesses into our operations. Caverion aims to reach its financial targets by the end of 2016 firstly by benefiting from the recent investments into operational efficiency and by focusing on procurement and administrative efficiency.

20.4 Good service demands a committed personnel

Each Caverion employee is responsible for the quality of our operations: Caverion is precisely as professional, reliable and good a partner as the client perceives our work to be. Quality operations require a committed personnel.

We offer our personnel training in client service, for example. In Finland, for instance, we arrange the 10+ Asenne ratkaisee ('It is the attitude that counts') **coaching programme** for our employees in the service and maintenance business. The purpose of the coaching is to ensure that the quality of our work is visible in our clients' daily life and that we all comply with jointly agreed operating methods. The coaching ends in what we refer to as the **Service Pass** test, in which the participant must demonstrate that they have adopted the basic rules of good service and that they are committed to work accordingly. The programme has been a success, and our goal is to utilise the concept in our other operating countries in the future, too.

20.5 Feedback collected systematically

We collect client feedback and use it for the development of our operations to match our clients' needs.

Client feedback is collected systematically, project- and agreement-specifically. We **measure client satisfaction** throughout the company, but the methods and extent vary depending on the country and unit. In some countries, we carry out small-scale surveys on a weekly basis, concerning specific deliveries, and annually more comprehensive surveys on general client satisfaction. In some countries, surveys are carried out each quarter or twice a year. Client satisfaction surveys are often included in the terms and conditions of a service agreement.



21 Sponsoring

Caverion has made a decision in principle not to sponsor.

In previous years we have supported societies and clubs in the fields of physical education, sports and culture in line with our former sponsoring strategy.

Decisions on possible supporting are made according to Caverion's targets and value. We do not support political parties or individual politicians. Requests for support originating from our client or are own employees are viewed critically. Should we receive such requests, the applications are handled in the same manner as any other requests.

Decisions decided by Board of Directors

All decisions concerning possible donations are made centrally by Caverion's Board of Directors.

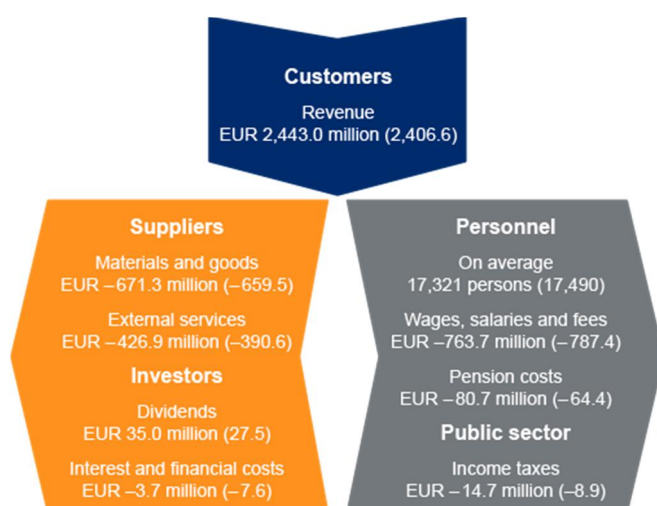
In Finland, we supported the effort to raise funds for the new children's hospital (Uusi Lastensairaala 2017) with a total of EUR 20,000 in 2014. The sum was formed on the basis of the number of safety observations made by our personnel.

In several countries, we have made decisions to donate the funds booked for Christmas gifts to various charities. In 2015, for example in Finland we made a donation to Sylva ry, a charity supporting children and youngsters with cancer.

22 Economic

We contribute to our surrounding society with many different ways. As a stock listed company, it is our duty to be a **profitable investment for our owners**. Good financial performance is the key precondition for our existence. However, we do not try to pursue it at any price: The **satisfaction of our clients and well-being of our employees are important to us**. The picture below shows the direct financial effects Caverion had in 2015.

Economic value distribution 2015 (2014)



22.1 Procurement

Suppliers play a significant role in the delivery chain of Caverion. Most of the technical systems and solutions designed and installed by Caverion include components, materials or services bought outside.

Caverion procurement is based on a center lead category management model covering both direct and indirect materials and services. Organization is built on multi skilled professionals working on a matrix environment and aligned with the divisions. Economies of scale are fully captured by utilizing group-wide best practices and purchasing from best suppliers globally in a common way.

Caverion has several common suppliers serving the Group needs throughout our operating countries. Major part of our procurement is though done locally, in our operating countries using selected suppliers. Due to the business needs we put high value to the close location of our suppliers and their abilities to react rapidly to the changing business needs.

Caverion is aiming to build long-term relationships with our suppliers. All suppliers are treated equally and honestly following the applicable laws and regulations. We do not tolerate any forms of bribery or other illegal payments in the relationships with our suppliers. We regularly evaluate our suppliers, follow their performance and assess potential risks. Based on our own evaluation, there is no serious risk of prohibition of child labor by our suppliers.